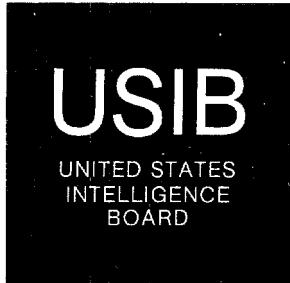


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State Dept. review completed

DIA review(s) completed.

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EGYPT-USSR

The US embassy in Cairo reports that President Sadat recently received a terse note from Moscow indicating the Soviets would no longer overhaul Egypt's MIG-21 engines. Some 50 Egyptian MIG engines reportedly have been in Moscow for repair since early last year, but no work has been done on them.

Moscow's decision to stop overhauling engines is not expected to ground Egypt's 14 MIG-21 squadrons immediately, but it will seriously erode the combat capability of the air force within a matter of months.

The decision will spur Cairo to seek alternate parts and maintenance sources for keeping its 210 MIG-21s airborne.

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Egypt has accumulated a number of spare MIG-21 engines, but not sufficient quantities to meet its requirements. In addition to the engines, Cairo may be negotiating with New Delhi for MIG-21 parts.

The Soviet action may also force Cairo to attempt to speed up its conversion from Soviet to Western arms. Cairo has plans to replace its MIG-21s with French Mirage fighters, probably the F1. This aircraft, which is to be produced locally under license, will not be available to Egypt until about 1980 at the earliest.

Egypt also has embarked on a program to become more self-sufficient in aircraft maintenance. the Egyptians have developed a limited capability to manufacture some MIG-21 jet engine parts at Helwan and do minor overhauls. Complete engine overhauls and other complicated maintenance tasks, however, are probably beyond their immediate capabilities.

25X1 DIA

As part of this program, the Egyptians have expressed an interest in obtaining the British Spey engine for their MIG-21s. This is the same engine that powers the UK's F-4 interceptors, and design and feasibility studies are said to be already under way at Rolls-Royce. If the Spey can be successfully integrated with the MIG-21, it would give the MIG improved performance and range, better fuel consumption, and simpler maintenance than it now has with Soviet-built engines.

Moscow's decision to quit overhauling the MIG engines is part of a campaign of Soviet harassment that has been under way for almost two years. The Soviets have refused to replace Egyptian losses in the October war, and have cut back the supply of spare parts for Soviet equipment in the Egyptian inventory. Moscow has not been dissuaded from pursuing this policy either by its failure to pressure Sadat into a foreign policy more to its liking or by Sadat's efforts to end Egypt's dependence on Soviet equipment. The action on the MIGs will arrest what Soviet officials in Cairo had seen as movement toward less hostile Soviet-Egyptian relations.

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The Soviets' earlier decision to reduce the flow of spare parts already has impacted heavily on Egypt's forces.

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[REDACTED]

[REDACTED]

[REDACTED]

there were reports that as much as 30 percent of Egypt's Soviet-made equipment was out of commission for repairs.

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ITALY

Prime Minister - designate Aldo Moro is continuing to try to secure parliamentary support for a caretaker government made up of only Christian Democrats. His negotiations are being complicated by economic policy differences among the center-left parties and by renewed concern over how to deal with legalized abortion—one of the first tests any new government will face in parliament.

Moro spent the weekend putting together a package of emergency economic measures. He was apparently trying to reconcile the views of the Republicans, who insist that priority be given to industrial modernization and development, and of the Socialists, who say that emphasis should be given to measures to protect and create jobs.

If his own Christian Democrats approve, Moro will present his package to Socialist leader De Martino. [redacted] the latter is inclined to go along with Moro, if only to improve the country's position in negotiations for credit to support the lira.

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De Martino's inclination to compromise does not, however, ensure the support of his badly divided party. De Martino's principal rival for party leadership takes a much tougher line. He insists that the Christian Democrats have to accept the Socialist economic approach in order to get Socialist abstention on a new government. His line may appeal to the Socialist rank and file and thus limit De Martino's freedom of maneuver.

Differences between the Socialists and the Christian Democrats on the abortion issue contributed to the fall of the previous government. The Socialists favor giving women freedom of choice in the matter, but the Christian Democrats, with discreet Communist support, have written a bill that offers only limited liberalization of the anti-abortion statute.

If the existing law is not changed by parliament in a matter of weeks, the country will face a nationwide referendum this spring on whether to legalize abortion, opening a divisive battle that most parties hope to avoid.



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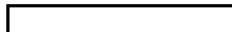


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CUBA-MEXICO

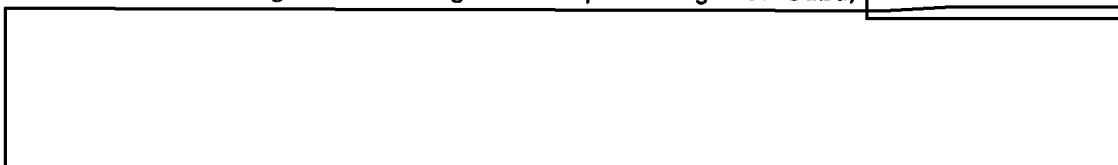
Prime Minister Castro has canceled a long-planned visit to Mexico in March, probably because of President Echeverria's recent criticism of Cuba's Angola policy.

Without mentioning Angola, Castro explained to the Mexicans that the press of African affairs at home and his attendance at the meeting of Communist parties in Moscow would keep him fully occupied. The meeting begins February 24 and will probably last a week or ten days, leaving Castro plenty of time for a trip to Mexico in March if he really wanted to go.

Echeverria is said to be pleased with the cancellation and does not want Castro to change his mind. The Mexican President said recently that he believes Cuba's intervention in Angola is turning world opinion against Cuba; 

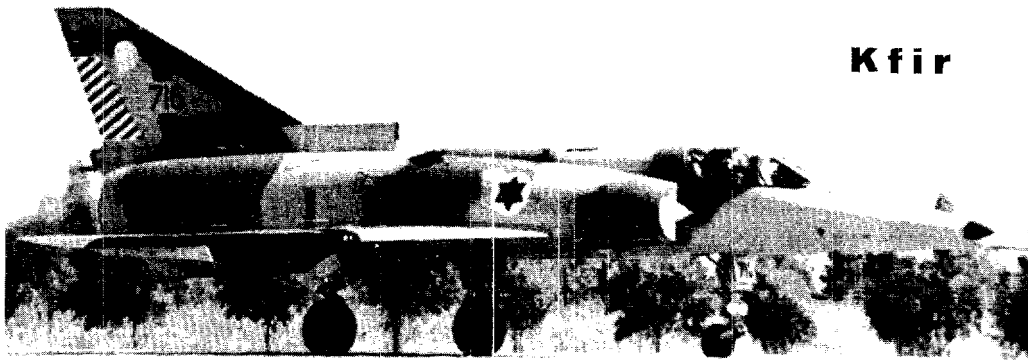
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Kfir

ISRAEL

Israel aircraft industries may export its Kfir fighter as early as 1977.

When the Kfir was unveiled in April 1975, it was believed that the Israeli air force would for a number of years absorb all aircraft produced before export orders were filled. It now appears that defense budget cuts will leave some of the aircraft available for export next year.

Serious discussions reportedly are under way with several countries for the fighter, which probably will market for about \$4 million plus weapons and support items, but no sales have been confirmed. One major problem to be resolved before exports can begin is the requirement that all Kfir engines be purchased directly from the manufacturer—General Electric. The US thereby controls who gets the J-79 engine and the related technology.

Potential markets for the fighter are in Latin America and the Far East. In addition, Peru, South Africa, and Venezuela have reportedly expressed an interest in license-producing the aircraft.

The current production rate is approaching three aircraft per month, with about 23, including three prototypes, already produced. The Israeli air force could receive some 50 by the end of this year. This would partially satisfy its requirements and allow some of the fighters to be exported as early as 1977.

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USSR

The Soviets are pursuing what is for them a new approach in the design of large-scale scientific computers and may have built prototype computers as advanced as the largest US commercial models available three years ago.

Such computers are based on designs incorporating many computing elements which share a common memory and work independently on different parts of the same problem. These designs can solve better than conventional large-scale machines the complex scientific and engineering problems associated with nuclear weapons design, cryptanalysis, and other strategic weapons developments. They also have the advantage of being better suited to the programming languages which the Soviets prefer to use for solving scientific problems.

The USSR reportedly has built two prototypes and also a computer similar to the US ILLIAC-4. The latter, a computer system consisting of a large number of Burroughs processors, is more than 100 times faster than commonly available US models like the IBM 370/145. The Soviet computer was built by the Scientific Research Institute of Automation Apparatus.

The Soviet designs, similar to those of US Burroughs Corporation machines, represent a significant departure from earlier Soviet large-scale computers. The older machines were single-processor designs.

The two prototypes reportedly were built about a year ago by the Institute of Precision Mechanics and Computing Techniques in Moscow. Long a center for designing single-processor computers such as the BESM-6, the institute under its new director, V.S. Burtsev, apparently is now committed to multiprocessor designs. Burtsev, known as an efficient administrator, has stated that the best design approach for future models is that reflected in the Burroughs models.

Large-scale scientific computers are developed for a much different range of applications than are general-purpose data-processing computers such as the IBM 370 and the well-publicized Soviet Ryad models. They offer a level of performance not available in general-purpose computers. Such computers, however, are very expensive and usually are built in very limited quantities. Large-scale Soviet scientific computers are believed to be much closer in performance to comparable US commercial scientific models than are the Soviet general-purpose computers to their US counterparts.

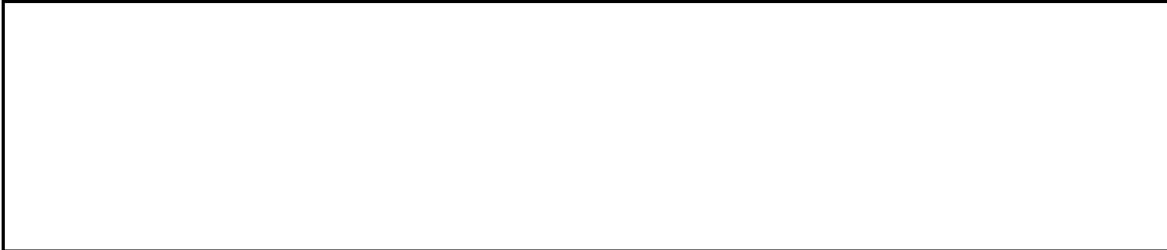
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USSR

Reports from recent visitors to Riga confirm that a mutiny took place on a Soviet warship in the Baltic last November. The Storozhevoy, a modern, Krivak-class, guided-missile destroyer, was commandeered in the Baltic port of Riga on the morning of November 9. The mutineers then attempted to sail the ship to Sweden.



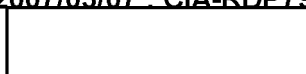
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Increasing political and professional pressure, particularly on officers, has probably caused some decline in morale in the Soviet navy. Nevertheless, the Storozhevoy mutiny was probably an isolated incident. An article in the Soviet military journal *Red Star* some 11 months prior to the mutiny had suggested that the Storozhevoy was a troubled ship. The article praised many of the officers and crew for their practical skills in antisubmarine warfare, but it criticized them for their poor political and psychological outlook. The article also hinted that some men aboard the ship had "anticommunist attitudes."

The Soviet response to the mutiny, aside from predictably harsh consequences for the Storozhevoy mutineers, probably will involve a widespread examination of political reliability and morale in the navy as a whole. Over the longer term, the intensity and duration of political indoctrination of Soviet naval personnel will increase but, as the mutiny in the Baltic suggests, such indoctrination is not as successful as the Soviets would wish.



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USSR

The main phase of the Soviet exercise "Caucasus," with observers from two NATO countries in attendance, probably began yesterday.

Military observers from Greece, Turkey, Yugoslavia, Romania, and Bulgaria are in Soviet Georgia to watch the Soviet army and air force maneuvers. According to Soviet press releases, the preliminary stages of the exercise began on January 25. Subsequently, motorized rifle, tank, missile, and artillery units have been moving into position. The corps-level exercise, with an East-West opposed-forces scenario, will soon reach "a very responsible stage," according to a Soviet press report of January 30.

The apparent arrival of Soviet Defense Minister Grechko in the Transcaucasus Military District on January 30 may indicate that the main phase of the exercise is about to begin. With the foreign observers now in place, it seems likely that major activity is already under way. The observers were invited for the period February 1-4. The exercise is scheduled to end on the 6th.

The exercise has been announced in accordance with the confidence-building measure of the European security agreement, which stipulates that there will be notification of any maneuver involving 25,000 troops held within 250 kilometers of the border of a signatory state.

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SPAIN

The major policy speech delivered by Prime Minister Arias to parliament on January 28 continues to draw fire from the left, which has focused particular attention on the amnesty issue.

Leftists regard full amnesty for political prisoners as a necessary first step toward democracy and have been galled by Arias' refusal to widen the partial amnesty to include political prisoners until legislation the government thinks is necessary to achieve that purpose is passed. Pro-amnesty demonstrations were held on Sunday in the Basque city of San Sebastian and in Barcelona, and police dispersed large crowds with tear gas, smoke bombs, and rubber bullets.

A convention of the five leftist Christian Democratic factions in Spain also called for full political amnesty over the weekend. Joaquin Ruiz Gimenez, leader of the Christian Democratic Left faction and one of the most prominent spokesmen in the non-Communist opposition, warned that further delays would force people into the streets and could result in an "imposed" amnesty. The convention's final statement called for amnesty, freedom for all political parties including the Communists, election of a constituent assembly, and creation of a federated state.

The conference, though technically illegal, was held openly in a Madrid theater without police interference—the first such convention in Spain since the Civil War. The strong security force surrounding the theater was withdrawn when the Christian Democrats promised to drop plans for a march to the Ministry of Justice.

Christian Democratic leaders from other West European parties who attended the conference were received by King Juan Carlos and the Prime Minister—tacit acknowledgment that the Spanish parties will soon be granted legal status. The Prime Minister's speech also sparked a joint communique from the coordinating committee of the two broad opposition coalitions, the Communist-dominated Democratic Junta and the Socialist-led Platform of Democratic Convergence.

On Saturday the committee:

- condemned the government for delaying democratic change while paying lip-service to "liberalization";
- called for free trade unions and the reopening of all factories closed during the recent labor unrest without prejudice to the striking workers;
- demanded the immediate release of the nine military officers under detention for political activities.

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So far, the government has not responded publicly to leftist disappointment with Arias' speech. Justice Minister Garrigues, however, told Ambassador Stabler last Friday that on February 6 he would submit to the cabinet a draft law repealing articles of the penal code referring to "illegal associations." The new law would annul certain political crimes, thus freeing political prisoners charged with them, and would pave the way for further action to legalize political associations or parties.

The justice minister said that he would soon present another draft bill to repeal the 1974 law on political associations—a law rejected by the leftist opposition because it tied the associations to the National Movement. Garrigues added that the National Movement had outlived its usefulness and must disappear. The new law would permit political groups to apply directly to the government for permission to operate.

Garrigues defended the Prime Minister's guarded approach by saying that the government prefers to make changes with the concurrence of parliament and other conservative Franco institutions—for example, the 18-man commission to study constitutional reform includes leaders of the National Movement. He maintained, however, that the cabinet would resort to decree laws if parliament proved unduly slow or blocked necessary legislation.

In a reminder that the far right cannot yet be dismissed lightly, the archconservative, 500,000-member association of Civil War veterans spoke out this weekend against any extension of the amnesty. Jose Antonio Giron, a former minister of labor under Franco who now heads the veterans' association, branded the amnesty campaign "Marxist inspired" and claimed it was aimed at "confusing and weakening the Spanish people."

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PORTUGAL

Conservative farmers in northern Portugal called off a boycott of food deliveries to Lisbon that was to have begun yesterday, but have again threatened "drastic action" if the government does not accede to their demands.

In meetings over the weekend in six towns throughout the country, the farmers agreed to wait for a response from the all-military Revolutionary Council before cutting off food supplies to the capital or resorting to other militant action. The farmers want the government to suspend the agrarian reform law enacted by the pro-Communist Goncalves administration and to return land confiscated under that law.

The Council is not likely to satisfy the farmers' complaints. It will probably go along with the position announced by the cabinet after an all-night session last weekend. The cabinet defended the law as essential for social reform in Portugal but condemned irregularities in its application, which resulted in excessive land seizures by Communist-led groups.

Communist-backed tenant farmers met in Porto over the weekend and added to the confusion in the agricultural sector by setting March 31 as their deadline for the government to abolish the present system of land tenure. They hope to force the government to implement a law approved last summer to limit the rent paid by tenant farmers and to break the power of landlords.

Meanwhile, negotiations between the political parties and the military on sharing political power appear to be progressing steadily. The army chief of staff told US officials that the preliminary draft of the pact—which reserves substantial power for the Revolutionary Council—is not expected to be approved, but that a compromise agreement will be reached without too much difficulty.

The flexibility of military representatives and the desire of most parties to hold early legislative elections appear to be smoothing any tempers ruffled by the political role of the Council. The Socialists reportedly have agreed in principle on a compromise and the Popular Democrats are expected to follow.

The Communists had their first session with the military on Sunday. Neither they nor the Communist-dominated Portuguese Democratic Movement should present serious problems in negotiations, but both will probably encourage military leaders to retain all the power they can.

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The most difficult portion of the negotiations began yesterday when the conservative Social Democratic Center Party took its turn with the military. According to Revolutionary Council spokesman Sousa e Castro, the party may refuse to sign the final agreement in order to maintain its distance from the present government and to attract a larger portion of the vote in legislative elections.

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EGYPT

Recent large-scale arrests, several student demonstrations over the past ten days, and renewed agitation by religious fanatics attest to growing unrest in Egypt over economic conditions.

The semiofficial *Al-Ahram* reported over the weekend that 12,000 people had been arrested during the preceding week. Although the arrests allegedly were for criminal offenses, the coincidence of increased agitation and the wave of arrests suggest that at least some of the detainees are political agitators.

On January 24 and 25, students from separate faculties of Cairo University staged demonstrations protesting university conditions. The US embassy in Cairo believes, however, that the underlying reasons for the demonstrations are the continued rise in the cost of living and the increasing disparity between rich and poor.

Leftist agitators—spurred, the embassy believes, by Soviet and Libyan provocateurs—have lately been playing heavily on the theme that a few “parasites” have become rich on ill-gotten gains made possible by Egypt’s economic liberalization, while the poor are becoming poorer as a result of inadequate wages and rising prices. A third student demonstration last week involved rightist students from the religious Al-Azhar University demanding greater application of Islamic law in Egypt’s legal system.

Foreign Minister Fahmi claims that young Muslim fanatics have begun to establish contacts with leftists. An alliance between right and left extremists has long been a particular fear of the government.

Egypt’s minister of interior [redacted] believes the student situation is serious. He said students are deliberately attempting to provoke the police, who he said are under strict instructions not to respond to provocations.

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For the next few weeks, student agitation is likely to drop. University students have exams throughout this month, followed by a two-week semester break. Trouble could begin again when school reconvenes, and the minister of interior’s concern over student provocation indicates he fears that the police response may not long be restrained.

Police did shoot on a crowd during a demonstration in a Nile delta town last week, killing 5 and wounding 23. Accounts of the incident vary, but it apparently grew out of allegations of police brutality against a homicide suspect. Although the

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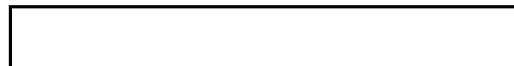
incident was apparently not politically related, the three-hour battle with police reflects a high state of tension between the populace and the government. The government showed its concern by sending the under secretary of interior to investigate the matter.

The government may be able to stem protest for a while by arresting agitators, but discontent will continue to be a problem as the government attempts to cope with the requirements of economic liberalization and with worldwide inflation.

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